HOUSE OF REPRESENTATIVES
COMPILATION OF PUBLIC COMMENTS

Submitted to the Committee on Ways & Means

For HB 1613

Compiled on: Monday, April 10, 2023 10:58 PM

Note: Comments received by the committee reflect only the view of the individual(s) submitting the comment, who retain sole responsibility for the content of the comment. Neither the committee nor the Texas House of Representatives takes a position on the views expressed in any comment. The committee compiles the comments received for informational purposes only and does not exercise any editorial control over comments.

Hearing Date: April 10, 2023 10:00 AM

Howard Arey, Colonel (Retired)
self, self-employed
Harker Heights, TX 76548, TX

This bill has zero protections for taxpaying residents and if enacted in current form will be a massive spending windfall for my city, with no tax relief assured to taxpayers. I request that you amend this bill so any Texas reimbursement is counted as property tax revenue for the calculation of the voter-approval-rate. This will ensure that reimbursement you provide flows to taxpaying Citizens who have paid more than their “fair share” to ensure that city services are maintained for all.

In Harker Heights, my city published at its 2022 tax hearing a chart that showed that even though the adopted tax rate was .6519, if all 100% DVs had paid city property taxes, the rate could have been .5175. This gap – approximately 13-cents of extra tax rate – has been burdened to the taxpaying Citizens for too long. Because the Legislature has granted an especially generous, perhaps too generous, exemption, more Veterans are moving to cities like mine to use military benefits so the “tax gap” grows each year.

If this bill effectively is for the State of Texas to pay the property taxes on behalf of the 100% DVs, then why wouldn’t the money be counted as property tax revenue? If the exempted Veteran were directly paying his property taxes, then his taxes would be counted in the voter-approval-rate calculation, and there would be a constraint on city tax collection and spending.

To not amend this bill is to risk another Hazelwood Act-like benefit that will further spiral out of control for Texas. If cities gain the Veteran population and get an unconstrained windfall of reimbursement from Texas, you will establish a perverse incentive to recruit more to stay locally because cities will gain a spending windfall and the extra spending power of the 100% DV. Already, the population of 100% DVs in my city number is equal to the number of over-65 Citizens (1,770 DVHS vs. 1,772 OV65) and once Appraisal District statistics are updated for 2023, the number of 100% DVs will continue its growth.

Last year my city demonstrated what it will do when it receives a windfall. It received $3.2M more in sales taxes than the budget expected. This amount happened to be the same as the amount of exempted property tax revenue. Given the opportunity to provide tax relief for historically over-taxed residents, it still put in place another property tax revenue increase only to put it into city reserves that now two-times exceed the city policy requirement of 3-months all the way through 2029. My city will not give relief to Citizens unless you amend this bill to ensure that any money received from Texas is counted as property tax revenue.

My name is Howard Arey and I am a resident of Harker Heights and an Army Veteran. After 25 years of service with duty from Fort Bragg to Germany, and Iraq to Afghanistan, I retired at Fort Hood because it felt more like home than anywhere else. I own a business, pay property taxes and have a 20% VA disability rating.

Anna Miranda, Finance Director
City of Cibolo
Cibolo, TX

The City of Cibolo supports the passage of House Bill 1613. Cibolo, a suburb of Military City, USA, is within 2.5 miles of the closest military installation, Randolph Air Force Base, (one of several military installations under Joint Base San Antonio). Cibolo is a community that is strongly rooted in military service. Although we do not share a border with a military installation, Cibolo is greatly impacted by the 100% Disabled Veteran exemption. We ranked 3rd in the State in 2021, of cities that were disproportionately impacted. For the 2021 tax year, the property tax revenue loss of $2,358,200 due to the 100% DV exemption was approximately 18.5% of the City's total tax levy. And in the most recent tax year, property tax revenue loss of $2,991,216 (an increase of 26.8% from the prior year) is approximately 20.7% of the City's levy. The City's tax rate remained constant in both years. This foregone revenue is equivalent to 11-cents on the City's tax rate and results in an increased burden to Cibolo's remaining taxpayers, which are made up of active-duty military personnel, and other military connected families, as well as non-military residents in the community. Additionally, the City of Cibolo struggles each year to fund much needed additional public safety and public works personnel for our fast-growing community, while maintaining our tax rate. With passage of HB 1613, the City of Cibolo will qualify for State aid and be able to provide tax relief to all its taxpayers, while also providing a higher level of service to the entire community.

Keith Sledd
Governor's Committee to Support the Military and Heart of Texas Defense Alliance
Gatesville, TX

I am the Executive Director for the Heart of Texas Defense Alliance. I also serve as the Chair for the Governor’s Committee to Support the Military.

I testify to endorse and fully support passage of HB1613.

In 2009 Texas enacted a 100% property tax exemption for Disabled Veterans with a 100% disability rating as tangible recognition of and a benefit for recognizing the service and sacrifice of disabled veterans for their nation and Texas.

HB1613 does not seek to change that benefit. This bill only seeks to address how communities are reimbursed for loss of tax revenue to offset the unintended, negative consequences on the quality of life for significantly impacted local communities.

Under current law, municipalities that physically border a military installation may receive partial reimbursement from the state for the loss of tax revenue. However, municipalities only receive partial reimbursement for the revenue losses with reimbursement rates historically less than one-third to one-quarter of lost tax revenue. Municipalities with high disabled veteran populations but without a physical border to a military installation are not eligible for any reimbursement for the tax revenue loss.

In both situations, the loss of tax revenue has a negative impact on the quality of life surrounding those installations. Local jurisdictions only recourse is to either increase taxes and impose fees or reduce services. Recent Department of Defense stationing decisions include evaluation criteria for quality of life. Past Base Realignment and Closure (BRAC) actions eliminated weaker installations with the surviving installations scoring well on traditional military value and training criteria. The result is that historically lesser valued criteria will have greater impacts on future installation scores. As we look forward, any future stationing decisions for new missions or capabilities and/or future Base Realignment and Closure (BRAC) actions will weigh Quality of Life and similar criteria higher in those decisions which makes these important metrics that should be maintained and not ignored.

Mitigation of the negative impacts achieves two objectives. First mitigation continues to ensure military installations and the surrounding communities score well and remain competitive in future stationing decisions or BRAC actions. Second mitigation ensures all citizens share the cost equally while ensuring municipalities are compensated equitably which allows them to provide the services and quality of life their citizens deserve.

I wholeheartedly endorse and fully support passage of HB1613.

I appreciate your time and thank you for considering this legislation for passage.

Steve Williams, City Manager
City of Schertz
Schertz, TX

On behalf of the City of Schertz I am reaching out to you with an important request that will benefit our community. I am writing to ask that the House Committee on Ways & Means support and approve House bill 1613.

As a proud military community, the City of Schertz supports the original legislation on disabled veteran exemptions and believes the State should also create a dedicated funding mechanism to help cities with high concentrations of the exemption. Existing aid has proven to be inadequate for those that meet the criteria and is unable to help others who are greatly affected but don't meet the criteria.

The growth in the disabled veterans tax exemption is at a faster rate than new property tax growth resulting in an increased tax burden on active-duty soldiers, non-disabled veterans, military families, and other residents of Schertz to pay for basic city services. The City of Schertz will forego over $3,400,000 in ad valorem tax revenue due to the 100% Disabled Veterans Exemption for the Fiscal Year 22/23. This is counterintuitive to the Governors Committee to Support the Military acknowledging the importance of mitigating the impact of lost property tax revenue.

Again, I am writing to ask that the House Committee on Ways & Means support and approve House bill #1613, Relating to the provision of state aid to certain local governments to offset the cost of the exemption from ad valorem taxation of the residence homestead of a 100 percent or totally disabled veteran.

If passed the House bill above would have a positive and lasting impact on the communities affected by the 100 percent disabled veteran exemption. The City of Schertz supports this legislation for the following reasons:

•Disproportionate rate for Schertz is over 7.6% in 2022.
•The City of Schertz estimates an additional 26% loss from the previous year.
•The amount of ad valorem tax revenue the City of Schertz must forego FY 2022-23 due to this property tax relief for disabled veterans is $3,400,000.
•This loss is equivalent to 7 cents on the City's tax rate for FY 2022-23.
•Since 2018 the city has averaged an increase of 23% per year on the 100% disabled veteran exemption revenue losses.
•Total loss that the City of Schertz has foregone, net any reimbursement from the state, is $15,000,000 since the legislation passed.
•Total reimbursement to the City of Schertz through the Local Government Relief for Disabled Veterans Exemption is $2,163,677.87.
•100% disabled veteran's exemptions make up 18% of all Homestead Residences in Schertz, while veterans with any disabled exemption aid make up 51% in Schertz.
•Loss of revenue has prevented projects such as emergency service workers, street renovations, facility additions, park improvements, etc.

Thank you in advance for your support of this bill and for your consideration of the Schertz Community.

Heather Wiggins
self
Lampasas, TX

I support HB 1613, our community has a large population that this would benefit.

Jerry Bark
City of Harker Heights
Harker Heights, TX

Support HB 1613
The Disproportionate impact on our community has impacted the services within our communities. City of Harker Heights is 21% impacted from the exemption.

Virginia Simonson, LTC, US Army - Retired
Texas Council of Chapters, Military Officers Association of America and self
Flower Mound, TX

On behalf of the Texas Council, Military Officers Association of America, I am voicing our strong support for HB 1613. Texas is a leader in supporting a strong defense and in recognizing the value that military and Veterans families bring to the communities in which they live. Military spouses and Veterans are a consistent contributor to the Texas Workforce and many also serve in local, county governments and non-profits.

Our state also derives significant economic benefits from Military installations throughout Texas. The Department of Defense spent over $130 B on contracts and over $24 B on military/civilian payroll in Texas during FY 2020 and 2021.

After Military service, Veterans tend to retire close to military installations to stay connected to military benefits/culture. Many remain in Texas to benefit from other policies, like generous property tax exemptions.

Unfortunately, municipal/county budgets can be adversely affected by the State's largess since they absorb the brunt of costs related to these exemptions. This is especially true for cities that are not directly adjacent to military installations and receive no state funding to mitigate this policy.

In December 2022, the Texas Comptroller's office released a study that showed the amount of property tax revenue lost by certain taxing units in the 2021 tax year as the result of appraisal districts granting the property tax exemption required by Tax Code Section 11.131 (exemption for 100% disabled Veterans and their surviving spouses.

The full report can be found at this link –
https://comptroller.texas.gov/taxes/property-tax/docs/disabled-veterans-exemptions-cost.pdf

While there are many examples of the disproportionate effect on non-adjacent cities, we present Harker Heights as a prime example of this unintended effect. According to the Comptroller's Office, Harker Heights lost $2,907,871 in ad valorem tax relief to 100% disabled Veterans or their surviving spouses. This contrasts with a Total General Fund Revenue derived from property taxes of $10,994,639. More details on how this affects the city's budget can be found at this link -
https://harkerheights.gov/images/PDF/City_of_HH_FY_2022_Proposed_Budget_08172021.pdf

Our concern is that Harker Heights will have to raise taxes or reduce services in order to replace ad valorem taxes not paid by 100% disabled Veterans/surviving spouses. Without some relief from the state, which enjoys significant economic benefits from the state's military presence will make it tougher to maintain positive relationships between Veterans and members of the communities in which they live.

It is in the best interests of Texas residents and Texas Veterans to address this issue by favorably considering this bill and moving it to a House vote as rapidly as possible.

County	Est. Levy Loss	City	Est. Levy Loss
Hidalgo	$ 2,099,274	Harlingen	$ 333,012
Dallas	$ 1,411,621	Garland	$ 404,003
Bexar	$ 15,639,742	San Antonio	$ 12,879,628

Keith Simonson
Military Officers Association of Am
Flower Mound, TX

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Sam Listi, City Manager
City of Belton
Belton, TX

I support HB 1613 reflecting a reasonable effort to mitigate the impact of the 100% DV Tax Exemption.
Thank you for your consideration.

Gretchen Mickler, Mrs.
Chairwoman Republican Party Prct 283 Williamson County Texas 78613HB1613
Cedar Park, TX

VOTE YES MAKE ENGLISH DEFAULT LANGUAGE

PATRICK CHRIST
MOAA
Harker Heights, TX

This Bill needs to be passed. We want to help our 100% disabled Veterans but not at the expense of certain communities. This was an unfunded mandate. Veterans are an important segment of our State. We need to do it right. Pass this Bill.